



ADDRESS BY HER WORSHIP, THE DEPUTY MAYOR OF MANDENI MUNICIPALITY CLLR PM SISHI ON THE OCCASION OF THE TABLING OF DRAFT INTEGRATED DEVELOPMENT PLAN AND DRAFT MSCOA BUDGET FOR 2019/20 FINANCIAL YEAR AT ISIBUSISIWE COMMUNITY HALL, 04 APRIL 2019

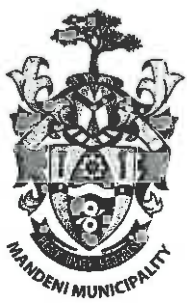
**Honourable Speaker,
Hon Mayor in absentia,
Chairperson of MPAC and Chairperson of Women's Caucus
Members of the Executive Committee
Honourable Councillors
Municipal Manager
Senior Managers, Managers and Staff Members
Respected Members of the Public, Distinguished Guests and other
Stakeholders**

It gives me a great honor and gratitude to stand in front of this house to table the Draft Municipal Strategic Plan which is the Integrated Development Plan (IDP) together with the Financial Resource Plan or Budget for 2019/20 which will be a tool to enable the municipality to continue with its Mandate which is service delivery. Both these Municipal Strategic plans are submitted in line with the guidance of both the Local Government Municipal Systems Act, 32 of 2000 and Local Government Municipal Finance Management Act, 56 of 2003.

We have noted the national priorities and areas of focus by the National and Provincial spheres of Governments having recently received the State of the Nation address by His Excellence President of the Republic of South Africa, Mr Cyril M Ramaphosa and the State of the Province Address by the Hon Premier of the Province of KwaZulu-Natal, Mr Willies Mchunu. In his 2019 State of the Nation Address, State President His Excellency, Mr Cyril Ramaphosa reminded us that,

Executive Committee

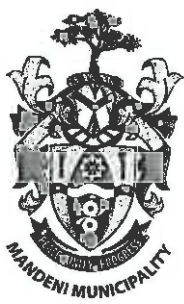
Cllr. SB Zulu (Mayor) | Cllr. PM Sishi (Deputy Mayor) | Cllr. MPP Zungu (Speaker) | Ex Officio Mr S Khuzwayo (Municipal Manager)
Cllr. NF Ntuli | Cllr. LR Mdletshe | Cllr. X Mdletshe | Cllr. MS Mdunge | Cllr. M Shelembe



"We must spend this year, the 25th anniversary of our freedom, asking ourselves whether we have built a society in which all South Africans equally and without exception enjoy their inalienable rights to life, dignity and liberty". Guided by this sentiment, we will use this time to reflect on the progress we have made, the challenges we have encountered, the setbacks we have suffered, and the mistakes we have committed.

Also, the Municipality in the process of preparing the Draft IDP and Budget for 2019/20 Financial Year further took tune from the Budget Speeches for 2019 by both the Hon Minister of Finance, Mr Tito Mboweni and Hon MEC for Finance in the Province of KwaZulu Natal Ms Belinda Scott of critical note is the GDP growth of South Africa in 2019 which is forecast at 1.5% which does not give much flexibilities for economic growth through appropriate investment on infrastructure thus creation of more jobs opportunities. Madam Speaker, in her conclusion remarks MEC for KZN Finance, Ms Belinda Scott when she delivering a provincial adjustment estimated budget speech, she reminded us to act decisively in adhering to the cost cutting measures. As a municipality we have already put cost containment measures in place to curb excessive and wasteful expenditure.

Madam Speaker, it must be noted that the Council when it took its term of Office in 2016, it embarked on a Strategic Planning Session which yielded on a 5 Year Municipal Strategic Framework or Integrated Development Plan which outlined the areas of service delivery by this Council which was eventually adopted by Council as its business focus area. In preparation of the review of the IDP for 2019/20, the approach was to consider such Five Year outline Plan and inputs from various Communities as consulted between September and November 2018.



The Municipality took note of the budget resources allocation through National Fiscus which is proclaimed in terms of the Division of Revenue Act (DoRA) and it is quite clear that Government finances are under pressure hence impact of municipal budget allocations and the ability to collect enough revenue on rates and taxes in order to deliver sustainable services to its communities.

The Municipal Draft Integrated Development Plan for 2019/20 indicates that the Municipality will continue to invest on new infrastructure development in the form of construction of new Roads and Storm Water particularly within Inyoni Housing Project, rehabilitation of existing Road which is Nembe Road (portion that is within Sundumbili Township) and this project will commence before the end of the 2018/19 Financial Year; roll-out of electrification of households through INEP Programme; rehabilitation and maintenance of electricity infrastructure, rural roads and Community Facilities as well as construction of RDP Houses in various areas like Macambini, Inyoni and Isisthebe.

Madam Speaker, the process of preparing the Draft MSCOA Budget for 2019/20 took into consideration the DoRA principles where all funds to be received by the Municipality from both National and Provincial Governments were gazetted on both National and Provincial Gazettes. The Municipality further took note of various MFMA Circulars issued by National Treasury which further provided guidance on the preparation of the 2019/20 Draft MSCOA Budget Medium Term Revenue and Expenditure Framework (MTREF). One critical Circular issued by National Treasury is the Municipal Budget Circular 94 for 2019/20 MTREF which gives guidance to Municipalities on compilation of budgets and national policy imperative to be considered as well.

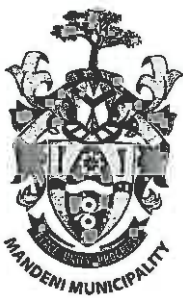


The Circular further provides guidance to Municipalities to take note of the economy and inflation targets which will in turn inform the percentage increase in terms of Municipal Tariffs and the projections are outlined as follows:

Fiscal Year	2018/19 (Actual)	2019/20	2020/21	2021/22
CPI Inflation	4.7%	5.2%	5.4%	5.4%
Real GDP Growth	0.7%	1.5%	1.7%	2.1%

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality hence a proposed increase of 5.2% on Municipal Tariffs. The National Energy Regulator of South Africa published their new multi-year price determination from 2019/20 to 2021/22 on 7th March 2019. The NERSA document proposes an 8 per cent guideline increase for municipal electricity tariffs for 2019/20.

Madam Speaker, according to DoRA, the Municipality during 2019/20 Financial Year will receive a total of R216 487, 000.00 from National Government where equitable share will be R167 483 000 which has increase by R20.6 mil compared to last Financial Year; Municipal Infrastructure Grant (MIG) will be R35 369 000 which has increase by R663 000 compared to 2018/19; Finance Management Grant (FMG) will be R1 900 000 which is same amount as 2018/19; EPWP Grant will be R2 234 000 which has been reduced by R21 000 compared to 2018/19 and INEP will be R9 500 0000 which has been increased with R2 174 000.00.



The total grants to be received by the Municipality from the Provincial Government will be R7 368 000 and it consists of Library Grant which will be R 3 868 000 which shows a reduction of R864 000 compared to 2018/19 allocation and the municipality will further receive R3 500 000 from Provincial Cogta of which R1 mil will be for Spatial Development Framework and R2.5 mil for Nodal Plans and these are new grants allocations.

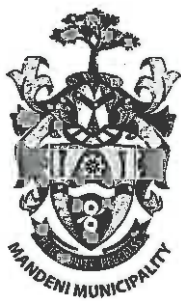
The Municipality has also budgeted for its own revenue which will be generated through charging of property rates which will be R49.5 mil; Service charges on electricity which is R30.1 mil; Service charges on refuse collection which will be R9.5 mil; Rental facilities and equipment will be R258 000.00; interest earned on investments will be R3.6mil; interest earned on outstanding debtors will be R15.9 mil; fines and penalties will be R405 000 and Licences and Permits will be R1.3 mil. The Total Municipal Revenue including transfers and subsidies will R301 372 000.00. It must be noted Madam Speaker that the total operating revenue has increased by 14.5 per cent or R38.3 million for the 2019/20 financial year when compared to the 2018/19 Adjustments Budget. For the two outer years, operational revenue will increase by 4.2 and 7.1 per cent respectively, equating to a total revenue growth of R73.6million over the MTREF when compared to the 2018/19 financial year.

Madam Speaker, it must be noted that the capital budget for 2019/20 is R69.4 million which shows a decrease by 2.6 per cent when compared to the 2018/19 Adjustment Budget. The reduction is due to affordability in the light of the current economic circumstances. A substantial portion of the capital budget will be funded from government grants. The balance will be funded from internally generated funds from cash backing reserves.

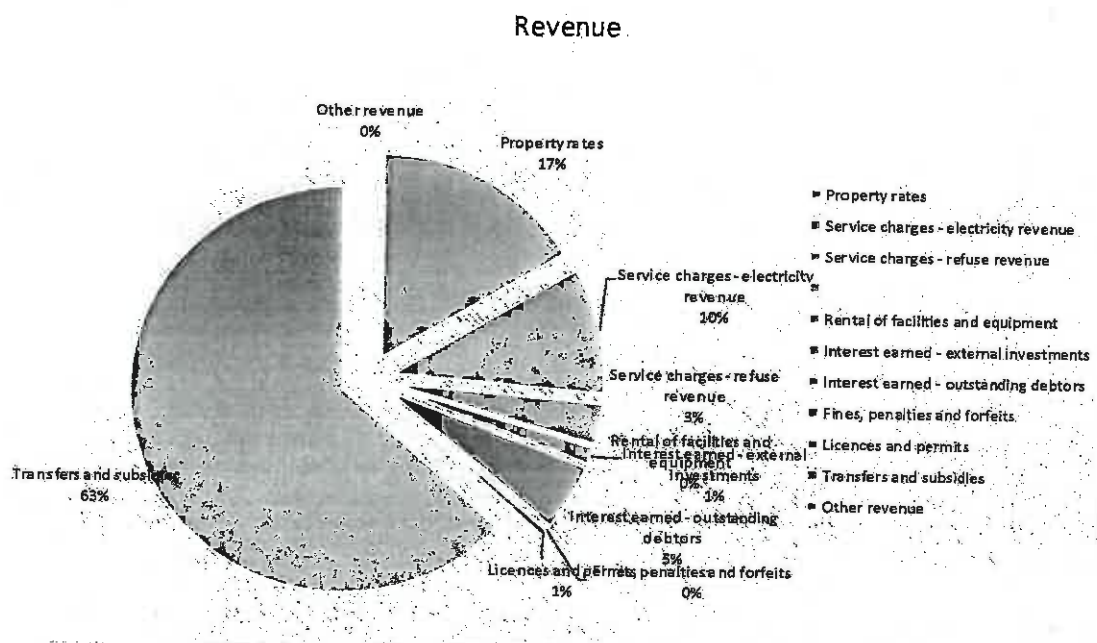


Of critical note is the total expenditure by the Municipality towards Employee related costs combined with remuneration of Councillors takes up to 38% of operating expenditure and the rest goes toward services, assets and materials. The Municipality can only be in apposition to reduce this percentage on expenditure on employee related costs through increase in its own revenue hence the need for more effort towards revenue enhancement strategies.

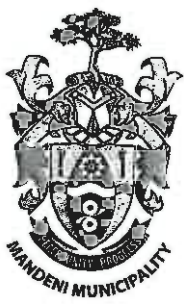
Madam Speaker, if I may be allowed just to reflect briefly some of the capital projects to be implemented during the 2019/20 Financial Year, the Council has set aside R9.8 mil for the rehabilitation or improvement of INembe Road (Ward 12, 13,14 and 15); R11.3 mil for Phase 4 Civil works for Inyoni Housing (Ward 10); R2.4 mil for Construction of Swimming Pool in Ward 15; Recreational Facility in Ward 12 and R800 000.00 has been set aside; R4 mil for the construction of Drivers Licence and Testing Centre; R1.5 mil set aside towards Municipal Cemetery establishment; R9.04 mil and R10 mil to be received from the Department of Human Settlements for the construction of houses for Isithebe Rural Housing Project and Inyoni Urban housing project respectively. Madam Speaker it must be further noted that the municipality has made provision in terms of budget for other various programmes such as Youth related Programmes which is directly allocated a total of R2.37 mil and this excludes other Youth related programmes to be implemented through other departments like LED and Library related services etc.



Madam Speaker, when you look at the Municipal revenue forecast, it shows that the municipality still depends mainly on grants where 63% of its revenue will be in the form of grants and the property rates will contribute 17% of total municipal revenue and electricity to contribute 10% of the total revenue. Madam Speaker, it is a known fact that the level of payment for rates and services by the residents mainly remains low and we shall all strive to work hard in encouraging the residents to pay for rates and services they are receiving from the municipality in order to realise projected revenue and in turn be able to deliver all projects and programmes as outlined in the Municipal Draft Integrated Development Plan for 2019/20.



Madam Speaker, in term of the Municipal expenditure forecast, it is expected that a total amount of R296 289 000 will be spent towards operating expenditures and service delivery related programmes.



Futhi mama Somlomo, ngingakuqinisekisa ukuthi uMkhandlu usizwile isikhalo ngokuntuleka kwemali ebhekelele izinhlelo zokuthuthukisa umphakathi ohlukahlukene, ngingasho ukuthi kubekwe imali engu R2.1 mil ezoqondana nezinhlelo ezithinta uOperation Sukuma Sakhe, HIV and Aids Programmes, ezithinta izinhlelo zobulili ikakhulukazi abantu be sifazane, nezingane, uhlelo lokuya emkhosini womhlanga, Abantu abaphila nokukhubazeka, ezithinta abantu asebekhulile Kanye nezinye eziningi.

In conclusion I wish to state that this Budget Speech represents an executive summary of our Municipality's mSCOA Budget for 2019/20 Financial Year and captures key factors. Details are distributed with the Budget Report and it is presumed that all members of this Council have acquainted themselves with details thereof.

Madam Speaker, it is now my privilege and honour to Madam Speaker to present to this Council and the Community of Mandeni at large, the Draft Municipal 2019/20 Integrated Development Plan and Total Draft MSCOA Budget of R370 865 000.00 where R301.3mil will be for operational expenditure and R69.4 mil will be for capital expenditure.

Somlomo ngiyaxusa wonke amalunga onMkhandlu kanye nabasebenzi ukuthi siphume siye emphakathini siyowuthulela loluhlaka lentuthuko edidiyelwe kanye nohlahlo lwabiwo mali luka 2019/20 ukuze sithole izimvo zomphakathi laphe befisa sihlengahlengise khona ngaphambi kokuba kuphasisiwe ngasekupheleni kwinyanga kaNhlaba (May) ka2019.

Ngiyabonga,

CLLR.P.M. SISHI, DEPUTY MAYOR